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BEFORE THE ARIZONA CORPORATION COMMISSION

DOUG LITTLE
Chairman
BOB STUMP
Commissioner
BOB BURNS
Commissioner
TOM FORESE
Commissioner
ANDY TOBIN
Commissioner

IN THE MATTER OF THE APPLICATION)
OF SOUTHWEST GAS CORPORATION)
FOR APPROVAL OF AN ENERGY)
EFFICIENCY AND RENEWABLE)
ENERGY RESOURCE TECHNOLOGY)
PORTFOLIO IMPLEMENTATION PLAN.)

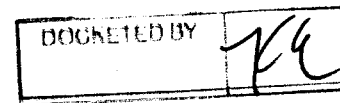
DOCKET NO. G-01551A-15-0168

DECISION NO. 75592ORDER

Arizona Corporation Commission
DOCKETED

JUN 27 2016

Open Meeting
June 14 and 15, 2016
Phoenix, Arizona



BY THE COMMISSION:

FINDINGS OF FACT

1. Southwest Gas Corporation ("Southwest" or "Company") is engaged in providing natural gas service within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission ("Commission").

2. In Arizona, Southwest serves approximately one million customers in the counties of Gila, La Paz, Cochise, Graham, Maricopa, Pima, Greenlee, Mohave, Pinal and Yuma. Of these customers, approximately 980,000 are residential, while 40,000 are commercial. Southwest also serves a smaller number of industrial, irrigation and transportation customers.

Background and Summary

3. Programs and Measures. On May 28, 2015, Southwest filed its Year Five Energy Efficiency ("EE") and Renewable Energy Resource Technology ("RET") and Portfolio Implementation Plan ("Year 5 Plan"). The Year 5 Plan proposes to transition to the calendar year, to continue Southwest's existing six programs, with modifications, and to re-introduce its Commercial

1 Rebates program. The reinstated Commercial Rebates program would offer a number of commercial
2 measures found to be cost-effective by Staff in its cost-effectiveness analysis docketed on May 30,
3 2014.

4 4. On May 10, 2016, Southwest filed a supplement to its original application, adding two
5 programs and requesting that the Plan, as supplemented, be approved for both Year 5 and Year 6 (the
6 “Year 5/Year 6 Plan”). The Year 5/Year 6 Plan was filed after discussions with Staff in lieu of the
7 Company filing a separate Year Six EE & RET Plan filing on June 1, 2016.¹

8 5. Transition to Calendar-Year Cycle. In Year 5, Southwest proposes to transition from a
9 program year running from June 1 through May 31 to a program year coinciding with the calendar
10 year. In order to make this transition, the Year 5 Plan has been abbreviated, and is intended to run
11 through December 31, 2016. Year 6 would begin on January 1, 2017. A calendar year-based cycle
12 would better align with the reporting requirements in the standards.

13 6. Program Descriptions. Below are descriptions of the programs proposed for the Year
14 5/Year 6 Plan.

15 **Smarter Greener Better (“SGB”) Homes**

16 7. Description. This is an existing program. Rebates are offered to builders to build
17 homes with improved thermal shell construction, upgraded mechanical systems and field verification
18 of savings.

19 8. Participation, Incentive and Benefit-cost Ratio. Southwest is projecting significant
20 levels of participation, as noted below. The Company is proposing increased incentives: (i) to reflect
21 higher costs incurred by builders in order to comply with more stringent building codes, and (ii) to
22 keep its incentive amounts on par with the incentives offered by Arizona Public Service Company
23 (“APS”) under its Homes rebate program.

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28 ¹ The Rules do not require plan filings in even years, only that a utility file on June 1 of each odd-numbered year. Accordingly, this document reflects the supplemental filing and includes cost benefit ratios based on updated information.

9. Staff has determined that the program measures remain cost-effective. Staff notes that the cost-effectiveness of Southwest's measures in this program is heavily reliant on the electric savings that arise due to improvements in the home's thermal shell.

Program	Projected Participation	Incentive	Staff's Benefit-cost Ratio
<i>SGB Homes</i>			
Tier 1 (HERS Score 65-61)	2,940	\$450	1.17
Tier 2 (HERS score equal to or less than 60)	860	\$1,500	1.19

SGB Commercial Rebates

10. Description. This program has been proposed for reinstatement. Incentives will be offered to non-residential customers upon proof-of-purchase and installation of high-efficiency gas measures. Both new and existing facilities will be eligible for participation. The incentives are intended to overcome the higher initial cost of high efficiency products. Customers must have active Southwest commercial accounts located in Southwest's service territory.

11. Participation, Incentive and Benefit-cost Ratio. This is a reinstated program. Southwest is projecting participation of between 15 and 50 for the commercial energy efficiency measures proposed as part of this program.

Program	Projected Participation	Incentive	Staff's Benefit-cost Ratio
<i>SGB Commercial Rebates</i>			
Natural Gas Condensing Storage Water Heater—Tier 1	35	\$550	1.86
Natural Gas Condensing Storage Water Heater—Tier 2	35	\$650	2.03
Natural Gas Condensing Tankless Water Heater	35	\$375	4.88
Natural Gas Condensing Boiler	40	\$3.00/mbtuh	1.44
Steam Trap High Pressure	20	\$120	2.12
Steam Trap Low Pressure	20	\$120	1.13
Air Curtain	15	\$2,100	3.35
Steamer	15	\$500	4.14
Fryer	15	\$650	1.70
Infrared Charbroiler	15	\$500	1.42
Dishwasher (High Temp); Single Tank Conveyor	15	\$200	1.56
Pre-Rinse Spray Valves	50	\$50	3.46

SGB Custom Commercial (Business) Rebates

12. Description. This is an existing program. Rebates are offered to non-residential customers based on achieved annual savings. The program does not specify or prescribe the measures to be installed. Instead, participating commercial customers may propose any measure that produces verifiable natural gas savings, exceeds code, and has a lifespan of seven years or greater. Measures may be retrofits, improvements to existing systems or first-time installations.

13. Rebates and Participation. Southwest anticipates approximately four projects. Projects are not eligible for rebates unless they achieve a benefit-cost ratio of 1.0 or above. Rebates are the lesser of (a) \$1.00 per therm first-year annual therm savings as determined solely by Southwest, or (b) 50 percent of the eligible project cost as determined solely by Southwest Gas.

14. The two sample projects provided by Southwest had Staff-calculated benefit-cost ratios of 1.47 and 17.31. The first example project was 12 boilers. The second was an industrial-sector project utilizing one regenerative thermal oxidizer. Thermal oxidizers treat exhaust air from a variety of industries, while regenerative thermal oxidizers perform this process more efficiently by capturing up to 95 percent of waste heat and using it in the treatment process.

SGB Combined Heat and Power ("CHP")

15. Description. This is an existing program. Rebates are offered to non-residential customers, primarily commercial and industrial customers, to promote distributed generation. This measure utilizes waste heat on-site in place of gas, and also provides benefits such as reduced line losses and reduced generation-site use of natural gas to generate electricity. Minimum program efficiencies must be met regardless of the prime mover technology.

16. Participation, Incentives, and Benefit-Cost Ratio. Below is a table showing the projected participation, incentive levels and benefit-cost ratio for the Southwest SGB CHP Program.

Program	Projected Participation	Incentive	Staff's Benefit-cost Ratio
SGB CHP			
CHP System	4	\$400-\$500/kW (based on level of fuel efficiency)	1.36

1 SGB Low-Income Energy Conservation

2 17. Description. The Low-Income Energy Conservation ("LIEC") program: (i) assists in
3 weatherizing low-income homes, and (ii) provides emergency bill assistance to low-income homes.

4 18. The weatherization component of the SGB LIEC program is administered by
5 Southwest in conjunction with community action agencies and other Arizona utilities. The LIEC
6 program was also administered in conjunction with the Governor's Office of Energy Policy ("OEP"),
7 but with the OEP's closure, Southwest is now working with the Arizona Department of Housing.
8 Under the bill assistance component, homes heated with gas and income-qualified are allowed up to
9 \$400 per household per year in bill assistance. The LIEC bill assistance component is administered in
10 conjunction with the Arizona Community Action Association which, in turn, partners with ten
11 community-based agencies to distribute bill assistance funds.

12 19. Participation and Benefit-Cost Ratio. Below is a table noting the projected
13 participation and benefit-cost ratio for the weatherization component of the SGB LIEC Program.

14

Program	Projected Participation	Staff's Benefit-cost Ratio
<i>SGB Low-Income Energy Conservation</i>		
Weatherization	260	1.14
Bill Assistance	700	N/A

18

19 SGB Solar Thermal Rebates (Residential and Non-residential)

20 20. Rebates are offered to both residential and non-residential customers for installing
21 qualified solar thermal systems for water heaters, and to non-residential customers for pool heating.

22 21. The SGB Solar Thermal Rebates program and measures are renewables and are not
23 required to have a cost-benefit ratio of 1.0 or above. However, the program and measures produce
24 therm savings which are counted toward the State standard.

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Program	Projected Participation
<i>SGB Solar Thermal Rebates</i>	
Residential Solar Water Heating Systems	123
Non-residential Solar Water Heating Systems	2
Non-residential Solar Pool Heating Systems	1

SGB Residential Rebates

22. Description. This program has been proposed for reinstatement. SGB Residential Rebates is designed to promote the purchase and installation of gas energy efficiency measures by Residential customers. The measures include low-flow showerheads, natural gas tankless water heaters, natural gas clothes dryers, energy efficient clothes washers, and energy efficient windows. Homebuilders constructing new single or individually metered multi-family homes are also eligible for participation; however homebuilders who qualify for a rebate under the SGB Homes Program are not eligible for rebates under the SGB Residential Rebates Program.

23. Participation and Cost-Benefit Ratio. Below is a table listing the measures proposed by Southwest, the projected participation per measure, the proposed incentive per measure, and the benefit-cost ratio calculated for each measure. Two of the measures are not cost-effective, largely due to relatively low gas costs and low therm savings relative to the incremental cost of the measure. (These measures also do not offer therm-equivalent (electric) savings, which could make them more cost-effective.) Staff recommends against approval of these non-cost-effective measures at this time. Should there be an increase in the cost of gas, or a decrease in incremental costs, these measures can be re-evaluated in the future.

Measure	Projected Participation	Incentive	Staff's Benefit-Cost Ratio
Low-flow Showerhead	250	\$5	2.36
Natural Gas Tankless Water Heater	500	\$350	0.58
Natural Gas Clothes Dryer	300	\$30	0.55
Clothes Washer	200	\$50	2.28
Windows	225	\$1.00 per square foot	1.79

SGB Schools

24. Description. This is a proposed new pilot program modeled on the Schools program approved for APS in Decision No. 75323 (November 25, 2015). Southwest will utilize energy audits completed as part the APS or Tucson Electric Power Company ("TEP") Schools programs in order to identify the most energy efficient natural gas upgrades for each school.

25. The goal of the Southwest Schools program is to assist schools that have previously been unable to participate in energy efficiency upgrades due to funding constraints. Schools participating in the SGB Commercial Rebates Program, the SGB Custom Commercial Program, and the SGB CHP Rebates Program may apply for rebates up to 50 percent of the incremental cost of qualifying measures. The proposed SGB Schools Program would then cover the remainder of the costs associated with energy efficiency measures. In combination with the other programs in Southwest's portfolio, this could result in 100 percent of a school's costs being covered.

26. Overall incentives are capped at \$50,000 per school. Examples of the type of energy efficient measures include, but are not limited to, the following:

- Boiler Retrofits;
- New Boilers;
- Storage Water Heating;
- Steam Trap Surveys and Replacements;
- Commercial Food Service Equipment and Ventilation Systems;
- Air Curtains;
- Energy Management Systems;
- Programmable/Smart Thermostats;
- Pipe Wraps;
- Aerators; and
- Combined Heat and Power.

27. Participation. Southwest is proposing a pilot to determine participation levels, although the Company believes participation will be sufficient to utilize the proposed \$500,000 budget.

28. In order to participate, a school must have participated in either the APS or TEP Schools Pilot Programs and must be a school with an active Southwest account in Southwest's territory. In addition, schools must have completed an American Society of Heating, Refrigerating,

and Air-Conditioning Engineers ("ASHRAE") Level II energy audit. An ASHRAE Level II energy audit consists of the following:

- Detailed building survey of systems and operations
- Breakdown of energy source and end use
- Identification of energy efficiency measures for each energy system
- Range of savings and costs for the energy efficiency measures
- Focus on Operational Discrepancies
- Outlining priorities for limited resources, next steps, and identification of energy efficiency measures requiring more thorough data collection and analysis (ASHRAE Level-3).

Summary of Proposed Changes to the Energy Efficiency and Renewable Portfolio

29. Description. The programs and their descriptions are given below. The programs are existing, with the exception of SGB Commercial Rebates, SGB Residential Rebates, and SGB Schools, which are new, or proposed for reinstatement.

Residential	Proposed Changes
SGB Homes	Many communities have adopted the 2012 International Energy Conservation Codes ("IECC"). Southwest proposes to update program requirements to reflect a higher baseline. It will offer incentives to builders for new homes with a Home Energy Rating System ("HERS") score of 65 or less and offer increased incentives to homebuilders constructing new homes with a HERS score of 60 or less.
SGB Residential Rebates	Reintroduction. Southwest has proposed that five natural gas energy efficiency measures be offered and that homebuilders, as well as Residential customers, be allowed to participate. (Homebuilders qualifying for rebates under the SGB Homes program would not be eligible to participate in SGB Residential Rebates.)
Non-residential	
SGB Commercial Rebates	Reintroduction. The proposed program would include measures found cost-effective by Staff.
SGB Schools	New pilot program modeled on the supplemental APS Schools program originally approved in Decision No. 75323. This program would provide rebates to schools for up to 50% of the incremental cost of gas

	energy efficiency measures, with an overall cap of \$50,000 per school.
SGB Custom Commercial Rebates	No changes.
SGB Combined Heat and Power ("CHP" Renamed. Previously "SGB Distributed Generation Program.")	Southwest proposed to modify the program by including cost-effective microturbines as a prime mover. Each project is evaluated for cost-effectiveness on an individual basis, so any proposed project with a microturbine as a prime mover would have to pass a cost-effectiveness review.
Low-Income	
SGB Low-Income Energy Conservation	Proposes moving to 200% of Federal Poverty Guidelines. Will stay on mid-year fiscal year.
Renewable	
SGB Solar Thermal Rebates	No changes.

30. Recommendations With Respect to Proposed Program Changes. Staff has made the following recommendations with respect to the programs and program changes proposed by the Company:

- SGB Homes. Staff has recommended that the Commission approve the higher baseline and incentive proposed by the Company. With respect to the higher baseline, as community building standards increase, energy efficiency program standards must also increase, in order to incentivize the construction of homes above the standard. With respect to the higher incentive, Southwest indicated that it proposed to increase its incentives to reflect higher costs incurred by builders in order to comply with more stringent building codes and to keep its incentive amounts on par with the incentives offered by APS under its Homes rebate program.
- SGB Custom Commercial Rebates. Staff has recommended that the program be approved for continuance in its present form.
- SGB Commercial Rebates. Staff has recommended that the Commission approve the reintroduction of the SGB Commercial Rebates program, with the limitations that should any measure become non-cost-effective due to increased cost, low participation, or for some other reason, it will cease to be offered, and withdrawal of the measure will be noted in the Company's Demand Side Management ("DSM") filings.
- SGB Combined Heat and Power. Staff has recommended that the program be modified to allow microturbines as prime movers, with the limitation that each project be reviewed by Southwest individually, to ensure that it is cost-effective.
- SGB Low-Income Energy Conservation. Staff has recommended that eligibility for the SGB LIEC program be modified to at or below 200 percent of the Federal Poverty Guidelines.

- SGB Residential Rebates. Staff has recommend that the program be approved, but that the program not offer the measures found non-cost-effective by Staff.
- SGB Schools. Staff has recommended that the pilot program be approved.

31. Waiver (Transition to Calendar Year). Southwest is requesting a waiver “if and to the extent” one is required in order to implement the shorter Plan Year required for the transition to calendar years. Because R14-2-2505 requires a filing for either one or two years, and there are other references in the Rules to Implementation years, Staff believes that a waiver is necessary for a Plan with a period of other than one or two years. Accordingly, Staff has recommended that the Commission approve a one-time waiver allowing an Implementation program year for the period from the date of this Decision through December 31, 2016. Plan Year 6 would begin January 1, 2017, and extend through December 31, 2017.

32. Budget. The budget for Year 5 and 6 (approximately 18 months total) would be set at \$5,495,000. Southwest believes that \$5,495,000 will be sufficient to fund its portfolio through December 2017. Southwest is currently recovering approximately \$2.6 million through its DSM surcharge and has an over-collected DSM bank balance of approximately \$3 million.

Program	Rebates	Administration	Outreach	Delivery	MV&E	Total Cost
SGB Residential	\$235,750	\$5,650	\$16,800	\$35,600	\$1,200	\$295,000
SGB Homes	\$2,615,000	\$28,000	\$12,000	\$46,000	\$4,000	\$2,705,000
SGB Commercial Rebates	\$301,675	\$7,000	\$19,325	\$67,000	\$5,000	\$400,000
SGB Custom Business Rebates	\$219,500	\$6,000	\$13,500	\$85,000	\$6,000	\$330,000
SGB CHP	\$215,000	\$12,000	\$15,000	\$52,000	\$6,000	\$300,000
SGB Schools	\$480,000	\$5,000	\$5,000	\$5,000	\$5,000	\$500,000
SGB LIEC Weatherization						\$450,000
SGB LIEC ² Bill Assistance						\$200,000
SGB Solar Thermal Rebates	\$220,000	\$2,000	\$11,000	\$79,000	\$3,000	\$315,000
Total EE & RET Plan	\$4,286,925	\$65,650	\$92,625	\$396,600	\$30,200	\$5,495,000

33. Budget Categories. The program categories referred to above consist of the following:

- Incentives. Includes all customer rebates.

² The Bill Assistance program is not a rebate program.

- Administration. Includes internal administrative costs, such as training, travel, registration fees, membership dues, shipping, postage and compilation of regulatory filings and reports.
- Outreach. Includes outreach/advertising costs.
- Delivery. Includes third-party rebate processing, forms design and creation, due diligence program limitation reviews, pre-rebate field or phone inspections, and database software.
- Measurement, Verification and Evaluation. Includes post-installation cost-effectiveness reviews, on-site inspections, and installation documentation reviews. These evaluations are intended evaluate the impact.

34. Budgeting Flexibility. Participation levels for different programs and measures often vary from projections. In order to better meet customer demand for EE measures and programs, Southwest has requested that it be allowed to utilize program funding for measures in which customers express the most interest.

35. Staff has recommended that Southwest have the flexibility to move funding from measure to measure, and from program to program, in response to participation and activity levels. Staff recommends that the LIEC program, including both its bill assistance and weatherization components, be exempted from any reduction to its budget. Staff has also recommended that DSM spending be split roughly between the residential and non-residential sectors, so that both sectors can benefit from energy efficiency spending.

36. Cost Recovery. Southwest recovers the costs associated with its EE and RET portfolio through a DSM adjustor. Southwest files an application in January of each year to reset the adjustor the following April. In Decision No. 75530 (April 22, 2016), the Commission approved Southwest's request to decrease its adjustor rate from \$0.00838 per therm to \$0.00421 per therm. Southwest has requested to continue the current filing and adjustment process without change.

37. Staff has recommended that Southwest continue to recover its EE and RET portfolio costs through the current filing and adjustment process.

38. Site-Source Multiplier. Southwest used a 3.340 Site-Source Ratio multiplier on the electric savings from its weatherization and New Homes programs, and for measures that were part of the Business Rebates program. A Site-Source Ratio is generally used to compare the energy efficiency of non-residential buildings using different types of heating. Southwest has extended application of

1 the Site-Source Ratio to other customer segments, to uses other than heating, and to individual
2 measures, rather than whole buildings. Staff does not believe there is sufficient evidence to support
3 such an extended application of this multiplier. In addition, Staff's calculation of cost-effectiveness
4 already takes line losses into account, so use of the Site-Source ratio may result in double-counting of
5 a significant portion of savings. Staff has, therefore, re-calculated any electric savings reported for
6 Southwest's programs and measures to exclude this multiplier.

7 39. Staff has recommended that the Source-Site Ratio multiplier not be used to calculate
8 electric savings in cost-benefit analyses at this time.

9 40. Waiver (Standard). Finding cost-effective natural gas measures for the Residential
10 sector is challenging, given low gas costs, Arizona's warm climate, and the comparatively small
11 number of home appliances fueled by natural gas. Southwest has addressed this, in part, through its
12 existing SGB Homes program, which focuses on improving the thermal envelope and upgraded
13 mechanical systems. This program provides both therm and therm equivalent (kWh) savings (as
14 allowed under the Rules) and permits Southwest to use non-therm savings to assist in meeting the
15 State energy efficiency standard. The LIEC program provides a similar type of savings, although on a
16 retrofit basis, rather than as new construction.

17 41. There are more cost-effective measures available in the non-residential sector. The
18 non-residential sector includes commercial and industrial customers utilizing more types of equipment
19 fueled by natural gas. The low price of gas and the warm climate tend to limit savings in the non-
20 residential sector, much as they do in the residential sector, but economies of scale are available which
21 improve cost-effectiveness. Through its proposed reinstated Commercial Rebates program,
22 Southwest is focusing on measures, such as commercial hot water heaters and commercial restaurant
23 equipment, where gas is used in commercial settings, while its Custom Commercial program is
24 incentivizing projects which include regenerative thermal oxidizers. The existing CHP Program
25 provides a high level of gas savings per project, along with therm equivalent savings which add to its
26 gas savings, and improve cost-effectiveness.

27 42. In its supplemented application, Southwest projected savings of 3,720,396 therms and
28 therm equivalents based on the level of participation the Company anticipates the approximately

1 eighteenth-month Year 5/Year 6 period. This calculation, however, included the site-source multiplier
2 which Staff believes overstates overall savings. Once the site-source multiplier is backed out of the
3 calculation of savings, projections drop to 3,099,033 therms (and therm equivalents) indicating that
4 Southwest is unlikely to meet the gas savings standard for either year. In light of this, and of
5 Southwest's significant and ongoing efforts to meet the standard, Staff has recommended a waiver for
6 Year 5/Year 6. Staff has also recommended that this waiver be granted with the understanding that
7 Southwest will achieve its projected savings, as calculated without the site-source multiplier.

8 CONCLUSIONS OF LAW

9 1. Southwest is an Arizona public service corporation within the meaning of Article XV,
10 Section 2, of the Arizona Constitution.

11 2. The Commission has jurisdiction over Southwest and over the subject matter of the
12 application.

13 3. The Commission, having reviewed the application and Staff's Memorandum dated
14 May 31, 2016, concludes that it is in the public interest to approve Southwest's Energy Efficiency and
15 Renewable Energy Resource Technology Portfolio Implementation Plan, as discussed herein.

16 ORDER

17 IT IS THEREFORE ORDERED that Southwest Gas Corporation's Application for
18 Approval of an Energy Efficiency and Renewable Energy Resource Technology Portfolio
19 Implementation Plan be approved as discussed herein.

20 IT IS FURTHER ORDERED that Southwest Gas Corporation revise the Smarter Greener
21 Better Homes Program as discussed herein.

22 IT IS FURTHER ORDERED that reinstatement of the Smarter Greener Better Commercial
23 Rebates Program is hereby approved, with the limitation that only any non-cost-effective measures
24 will cease to be offered, and that the withdrawal of any such non-cost-effective measures will be noted
25 in the Company's Demand Side Management filings.

26 IT IS FURTHER ORDERED that the site-source multiplier not be used to calculate savings
27 from energy efficiency measures at this time.
28

1 IT IS FURTHER ORDERED that Staff, in consultation with Southwest Gas Corporation,
2 report back to the Commission by December 31, 2016 on the feasibility of using a multiplier or other
3 method of calculation that may capture additional gas savings not accounted for in the Company's
4 Energy Efficiency and Renewable Energy Resource Technology Portfolio Implementation Plan.

5 IT IS FURTHER ORDERED that the Smarter Greener Better Combined Heat and Power
6 program be modified to allow microturbines as prime movers, with the limitation that each project be
7 reviewed by Southwest Gas Corporation individually, to ensure that it is cost-effective.

8 IT IS FURTHER ORDERED that the percentage of Federal Poverty Level required to be
9 eligible for Southwest Gas Corporation's Smarter Greener Better Low-Income Energy Conservation
10 Program be modified to at or below 200 percent.

11 IT IS FURTHER ORDERED that the Smarter Greener Better Residential Rebates program
12 be approved, but that it only offer the measures found cost-effective by Staff, as discussed herein.

13 IT IS FURTHER ORDERED that the Smarter Greener Better Schools Pilot Program be
14 approved.

15 IT IS FURTHER ORDERED that the Gas Energy Efficiency Rules be waived to the extent
16 necessary to allow a shortened Implementation program year for Year 5, ending December 31, 2016.

17 IT IS FURTHER ORDERED that Southwest Gas Corporation have the flexibility to move
18 funding from measure to measure, and from program to program, in response to participation and
19 activity levels.

20 IT IS FURTHER ORDERED that the Smarter Green Better Low-Income Energy
21 Conservation program, including both its bill assistance and weatherization components, be exempted
22 from any reduction to its budget.

23 IT IS FURTHER ORDERED that Demand-side Management spending be split roughly
24 between the residential and non-residential sectors.

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1 IT IS FURTHER ORDERED that Southwest Gas Corporation continue to recover its
2 Energy Efficiency and Renewable Energy Resource Technology portfolio costs through the existing
3 process, in which Southwest Gas Corporation files for reset in January, to be effective the following
4 April.

5 IT IS FURTHER ORDERED that the Commission approve a waiver of the Gas Energy
6 Efficiency Standard as set forth in A.C.C. R14-2-2504B for Years 2016 and 2017, as discussed herein.

7 IT IS FURTHER ORDERED that this Order shall take effect immediately.

8
9 BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

10 
11 CHAIRMAN

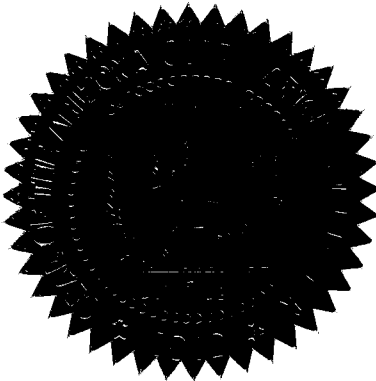
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13 COMMISSIONER

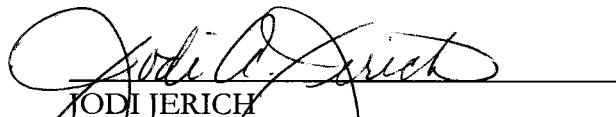
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15 COMMISSIONER

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17 COMMISSIONER

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19 COMMISSIONER

20 IN WITNESS WHEREOF, I, JODI JERICH, Executive
21 Director of the Arizona Corporation Commission, have
22 hereunto, set my hand and caused the official seal of this
23 Commission to be affixed at the Capitol, in the City of
24 Phoenix, this 27th day of June, 2016.



25 
26 JODI JERICH
27 EXECUTIVE DIRECTOR

28 DISSENT: _____

DISSENT: _____

TMB:JMK:red/CHH

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